

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6646**

**BILL NUMBER: HB 2012**

**DATE PREPARED:** Jan 16, 1999

**BILL AMENDED:**

**SUBJECT:** State expenditure limitations.

**FISCAL ANALYST:** Diane Powers

**PHONE NUMBER:** 232-9853

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill limits the percentage increase in state expenditures to the lesser of the percentage increase in inflation and population or 6%. The bill allows voters or two-thirds of the members of the general assembly to authorize additional spending.

**Effective Date:** January 1, 2001.

**Explanation of State Expenditures:** This bill establishes a maximum annual percentage change for state government expenditures to be the lesser of 1) inflation plus the percentage change in Indiana population or 2) 6%. If revenues exceed the expenditure limit, the excess shall be refunded in the next fiscal year except an amount that a majority of the voters voting in a general election agree to apply toward an increase in allowable spending. The General Assembly may also authorize spending that exceeds the expenditure limit if a joint resolution is adopted by two-thirds of the members of both the House and Senate.

The bill allows individuals to file a lawsuit to enforce the state expenditure limits. Successful plaintiffs are allowed costs and reasonable attorney fees. The state may recover costs and reasonable attorney fees if a suit is ruled frivolous.

Revenue collected, kept or spent in violation of this statute for four fiscal years preceding the date the lawsuit is filed shall be refunded with ten percent annual simple interest commencing for each fiscal year on the date the state exceeds the spending limitation.

The state may use any reasonable method to refund revenues which are in excess of the spending limits including temporary tax credits or rate reductions. Refunds do not need to be proportional when prior payments are impractical to identify or return. Refund methods are also subject to judicial review.

This bill applies to appropriations beginning in FY 2002.

The impact of state spending is indeterminable and subject to legislative, executive and judicial actions.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Distribution of state revenue to local units of government are dependent on the disposition of state appropriations.

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General's Office, State Budget Agency, General Assembly, State Election Board.

**Local Agencies Affected:** Courts.

**Information Sources:**